



Form ADV Part 2: Firm Brochure

Item 1: Cover Page

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March 28, 2019:

This Brochure provides information about the qualifications and business practices of Ascentris, LLC ("Ascentris"). If you have any questions about the contents of this Brochure, please contact us at (303) 317-6464 or at compliance@ascentris.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Ascentris also is available on the SEC's website at www.adviserinfo.sec.gov.

Ascentris is an investment adviser registered with the SEC. Registration as an investment adviser does not imply a certain level of skill or training.

Item 2: Material Changes

The following is a summary of material changes to Ascentris' prior Brochure dated March 13, 2018:

- Item 14 has been updated to reflect the engagement of a placement agent by pooled investment vehicles managed by Ascentris.

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Item 4: Advisory Business

Ownership

Ascentris, LLC, a Delaware limited liability company, was organized in 2010. Ascentris is primarily owned and controlled by Gabe L. Finke, CEO of Ascentris.

Nature of Investments; Types of Advisory Services

Ascentris's real estate-related investment advisory services primarily include the acquisition, management, development, improvement, leasing and disposition of office, multifamily, retail and industrial properties in select markets throughout the United States. Ascentris provides real estate-related investment advisory services to institutional investors that invest in real estate, typically through a fund of one organized as a limited liability company or limited partnership (the "Ascentris Client"). Ascentris typically serves as asset manager of the Ascentris Client.

On behalf of Ascentris Clients, Ascentris offers to:

- Originate and recommend real estate investment opportunities;
- Structure and negotiate real estate investment acquisitions;
- Identify and arrange sources of capital and other financing for real estate investments;
- Monitor and evaluate real estate investments, including development projects;
- Recommend the manner and timing of dispositions of real estate investments;
- Structure and negotiate real estate investment dispositions;
- Supervise the preparation and review of all documents required in connection with the acquisition, disposition or financing of real estate investments; and
- Provide other real estate-related services.

Ascentris generally provides asset management services to Ascentris Clients in accordance with the investment guidelines and restrictions that are developed in consultation with institutional investors. For example, Ascentris and Ascentris Clients may agree to impose restrictions on certain types of investments or the amount of debt that an Ascentris Client could incur to develop a real estate project.

Assets Under Management

As of December 31, 2018, Ascentris managed Ascentris Clients with \$1.26 billion in gross assets on a discretionary or shared-discretionary basis. Ascentris does not manage any client assets on a non-discretionary basis.

Item 5: Fees and Compensation

Fees

As compensation for its real estate investment advisory services, Ascentris or its affiliated entity receive one or more of the following fees from Ascentris Clients:

- (i) Asset management fees equal to a percentage of committed capital or invested capital; and/or

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- (ii) Performance-based allocations (as carried interest) subject to the Ascentris Client account achieving a target return.

Fees are negotiated separately with each Ascentris Client and set forth in a written agreement with the Ascentris Client. Fees charged to each Ascentris Client will vary based upon the complexity of services required, the type and amount of assets under management, whether Ascentris acts in a fully discretionary or shared discretionary manner and the extent of reporting or other administrative services required. Institutional investors typically are “qualified purchasers” as that term is defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended. The timing of fee payments, minimum investment amount and termination rights are set forth in a written agreement with the Ascentris Client.

Asset management fees are generally paid quarterly in advance, and are calculated based on either committed capital or invested capital. Performance-based allocations, discussed below in Item 6, are generally made as investments are realized and/or capital is distributed.

Deduction of Fees from Client Accounts

Ascentris is also typically authorized by Ascentris Clients to deduct fees directly from the custodial account.

Other Fees & Expenses

Ascentris Clients bear the costs associated with their investments (including costs related to the establishment and administration of investment vehicles) and are required to reimburse Ascentris for such costs if incurred by it. Such expenses may include, but are not limited to, legal, tax, research, accounting, valuation and audit expenses, and costs related to purchasing, operating and selling portfolio investments (e.g., due diligence, negotiating deals, travel expenses, idea sourcing). Ascentris pays its own employees’ salaries, overhead and operating expenses, except that Ascentris Clients typically agree to reimburse Ascentris for fund accounting services provided in-house by Ascentris’ staff.

Ascentris Clients also could incur expenses related to real estate regulatory and environmental issues, as well as the costs of other service providers and intermediaries, such as investment banks, that may be involved in purchasing and selling portfolio investments. Ascentris’s fees are exclusive of these costs, as well as other transaction fees, custodial fees and other related costs and expenses, all of which are incurred by the applicable Ascentris Client (either directly or indirectly if the expenses are paid by a portfolio company of the Ascentris Client). The investment strategies Ascentris employs for Ascentris Clients generally do not involve the purchase or sale of publicly traded securities, and as such, do not typically incur brokerage commissions. See Item 12 for additional information regarding the factors considered in selecting service providers for transactions, and in determining the reasonableness of their compensation.

Fees Paid in Advance

Ascentris Clients pay asset management fees to Ascentris quarterly in advance. If the last management period with respect to an Ascentris Client ends prior to the last day of a quarter, then a pro rata portion of the prepaid management fee will be refunded to such client based on the number of days elapsed in such period and the number of days remaining in such period.

Compensation for the Sale of Securities

Neither Ascentris nor any of its supervised persons accept compensation for the sale of securities or other investment products.

Item 6: Performance-Based Fees and Side-By-Side Management

As noted in Item 5 above, Ascentris typically receives carried interest or performance-based allocations from Ascentris Clients. These performance-based allocations are designed to ensure an alignment of interest between Ascentris and the Ascentris Client, and are generally paid upon asset disposition after meeting a defined target rate of return. All performance-based allocations are calculated and governed in accordance with each Ascentris Client's governing documents.

The receipt of performance-based allocations may motivate Ascentris to (i) make more speculative investments on behalf of an Ascentris Client than it would otherwise make, (ii) favor performance-based fee clients over nonperformance-based fee clients or (iii) favor clients that pay larger performance-based fees. In addition, to the extent that Ascentris's related persons co-invest with certain Ascentris Clients, Ascentris may have an incentive to favor these Ascentris Clients.

While each Ascentris Client adopts its own investment strategy and restrictions, Ascentris often sources real estate investment opportunities that fit within the investment strategy of multiple Ascentris Clients. In the event such a situation occurs, Ascentris has adopted a policy to address this conflict of interest and to allocate investment opportunities on a fair and equitable basis. The following is Ascentris's policy in this area:

INVESTMENT ALLOCATION POLICY

Ascentris maintains a log of current Ascentris Clients that includes, for each Ascentris Client, a summary of existing investments, the amount of remaining capital available for investment and the remaining length of the investment period, as well as the investment objectives, strategies and parameters, i.e., property type, geography, investment characteristics and style, diversification requirements, return targets, risk tolerance and leverage limitations (referred to as the "Investment Plan").

INVESTMENT SOURCING AND ALLOCATION

New investment opportunities are initially reviewed and discussed by Ascentris's Investment Committee at its Concept Investment Committee Meetings. At these meetings, new investment opportunities are screened first to assess the general merits of the opportunity. Investment opportunities that are approved at the Concept Investment Committee Meeting will be directed as follows:

1. Pre-Allocation

- (a) Investment opportunities that are sourced or referred by a current or proposed Ascentris Client, or that constitute follow-on investments with respect to existing portfolio assets of an Ascentris Client, typically are pre-allocated to such Ascentris Client.
- (b) Any property acquired by an Ascentris Client in a like-kind exchange under Section 1031 of the Internal Revenue Code of 1986, as amended (or other, similar, like-kind exchange) shall be pre-allocated to the Ascentris Client participating in the exchange.

- (c) Any investment opportunity for which the seller is receiving interests in a joint venture, separately managed account or commingled fund controlled by Ascentris in exchange for the seller's interest in the investment may be pre-allocated to the applicable joint venture, separately managed account, or comingled fund.

If an investment opportunity pre-allocated to an Ascentris Client in accordance with this Section 1 is taken by such Ascentris Client, the investment opportunity will not be subject to the remainder of this Allocation Policy, and the acceptance of such investment opportunity will not prejudice such Client with respect to any investment opportunity that would otherwise have been allocated to such Client under this Allocation Policy. Additionally, the pre-allocation of such investment opportunity will not affect the position of any other Ascentris Client in the rotation queue as discussed below. If an investment opportunity pre-allocated to an Ascentris Client in accordance with this Section 1 is NOT taken by such Client for any reason, the investment opportunity will be subject to the remainder of this Allocation Policy.

2. Allocation Procedure

An investment opportunity that is not pre-allocated in accordance with Section 1 above will be directed to Ascentris Clients based on the investment's characteristics and the suitability of the investment opportunity relative to each such Client's Investment Plan, as determined by Ascentris in good faith. If an investment opportunity is equally suited for more than one Ascentris Client, the investment opportunity will be allocated based upon a rotation system with each Client receiving an investment priority based on the length of time since an investment was last directed to such client (not including investments allocated under Section 1). Ascentris Clients will rotate through the rotation queue on a sequential basis. This allocation is made at the time of Investment Committee¹ approval during the Preliminary Investment Committee Meeting ("PICM"). Once Ascentris has allocated and approved an investment opportunity for an Ascentris Client, such Client, in accordance with its respective agreement with Ascentris, will have up to three (3) Business Days or such other time period as Ascentris, in its sole and absolute discretion, determines to be appropriate (the "Acknowledgement Period"), to acknowledge any conflicts of interest that would prevent such Client from acquiring such investment opportunity. Subject to Section 3, upon its acknowledgement of no conflicts and subsequent acquisition of such investment opportunity, the Ascentris Client will rotate to the bottom of the rotation queue. If an Ascentris Client fails to acknowledge any conflicts within the Acknowledgement Period, Ascentris will determine if such investment opportunity shall be allocated to such Client. If Ascentris determines that an Ascentris Client will decline to participate in such investment opportunity as a result of an exception, such Client will rotate in accordance with the procedures set forth in Section 4 below. Pursuit costs, including sourcing expenses and "dead deal costs" are allocated per the Ascentris Pursuit Costs Policy.

3. Reallocation

If Ascentris approves an investment opportunity for an Ascentris Client but the acquisition does not subsequently close for any reason, including a conflict of interest or in accordance with such Client's governing document, other than a funding failure or other default by such Client, the

¹ See Item 13 for additional details about Ascentris' Investment Committee.

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investment opportunity will not be deemed to have been allocated to such Client pursuant to this Allocation Policy and such Client will remain at the top of the rotation queue with respect to the next investment opportunity that is both (i) approved at the PICM after such failure to close and (ii) that is appropriate for such Client based on its Investment Plan. To be clear, once an investment opportunity has been allocated following a PICM approval, that investment cannot be re-allocated to another Ascentris Client due to a failure of a different opportunity to close. The investment opportunity that is declined by an Ascentris Client due to a conflict or in accordance with such Client's governing document will be reallocated in accordance with the procedures set forth in Section 2 above. Ascentris maintains a "Pursuit Costs Allocation Policy" to address treatment of pursuit costs, which include sourcing expenses and dead deal costs.

4. Exceptions

Notwithstanding the foregoing, the rotation queue with respect to any particular investment may be adjusted by Ascentris, in its sole and absolute discretion, for any of the following reasons: (i) an Ascentris Client is restricted from making such investment, either due to an express restriction established by such client or a determination made in good faith by Ascentris to impose a restriction on such investment based upon the desired diversification for such Client or legal, regulatory other considerations (e.g., REIT or ERISA compliance requirements, the tax consequences to such Client or the inability of such client to meet the timing and/or capital requirements for such investment) or (ii) such investment is not within the return objectives of such Client. If an Ascentris Client at the top of the rotation queue is not allocated an investment opportunity as a result of an exception under this Section 4, such Client will remain at the top of the rotation queue until an investment opportunity is allocated to such Client in accordance with this Allocation Policy.

5. Amendments of this Allocation Policy

Ascentris may, in its discretion, amend or make modifications to this policy from time to time but intends to provide each Ascentris Client with prior notice of any material modification or amendment that affects such Client.

Item 7: Types of Clients

Ascentris generally provides investment advisory services to institutional investors, state and local government or pension plans and other private commingled investment vehicles.

The minimum investment for an Ascentris Client is \$100 million. However, Ascentris has the right to accept smaller minimum investments in its sole discretion.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Ascentris's real estate-related investment advisory services primarily include the acquisition, management, development, improvement, leasing and disposition of office, multifamily, retail, and industrial properties in select markets throughout the United States. Ascentris typically pursues transactions where the Ascentris Client controls the real estate investment through whole ownership, majority joint venture interest or management control.

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Ascentris implements its investment strategies based solely on the investment goals and objectives of each individual Ascentris Client. Ascentris's investment philosophy is to focus on real estate fundamentals with the goal of producing attractive risk-adjusted returns for its clients. Ascentris typically targets markets with high barriers-to-entry in which it is more difficult or expensive for competitive supply to be developed. Emphasis is placed on markets that have broad, diverse economies with strong long-term growth prospects.

Ascentris utilizes one project team for all phases of a single real estate project life cycle. The professionals that underwrite a particular investment opportunity are the same professionals that manage the asset during its hold period and execute the exit strategy. This is intended to ensure a seamless transition between acquisitions and operations and create a unique on-going accountability for the professionals responsible for each particular investment. Each asset management team develops, refines and executes specific asset strategies in order to manage risk, maximize performance, and enhance long-term values. Ascentris views all of its investments with a long-term perspective and looks for opportunities where it can add value to assets through re-leasing, repositioning, or restructuring the capitalization, development, or redevelopment of the assets. Ascentris professionals may manage multiple projects on behalf of multiple Ascentris Clients simultaneously, and may operate in various combinations across projects.

The investment decision-making process consists of several steps. Ascentris evaluates potential investment opportunities and monitors existing investments of each Ascentris Client. Ascentris's portfolio management teams hold formal bi-weekly or monthly meetings to review investments. When a team believes that an investment opportunity is identified that meets the investment criteria of an Ascentris Client, an Investment Memorandum will be prepared and submitted to Ascentris's Investment Committee providing preliminary information on the opportunity which will include property details, investment climate, deal structure, price (or price range) and potential return. If the Investment Committee approves the Investment Memorandum, it authorizes the execution of a non-binding term sheet to progress the opportunity. Ascentris then performs due diligence on the potential investment. If the results of the due diligence process are satisfactory, an Investment Memorandum will be prepared and submitted to the Investment Committee for final approval. The Investment Committee will then either (i) approve the acquisition without conditions, (ii) approve the transaction with conditions, or (iii) reject the acquisition.

Risks

Risk is inherent in real estate investments and cannot be avoided. Such risks include, but are not limited to, real estate regulatory risk and risk of declining economic markets or business conditions. In view of the risks associated with an investment in real estate, only investors able to bear the economic risk of their investment for an indefinite period and able to afford loss of their investment should consider investing.

The primary risks related to investment in real estate generally and the significant investment strategies employed by Ascentris are described below. Not all possible risks are described below. The specific risks applicable to each Ascentris Client will differ based on the client's investment strategy and the type of assets held in the Ascentris Client's portfolio.

No Assurance of Investment Return; Possible Loss of Entire Investment

Ascentris cannot assure that it will be able to choose, make and realize investments in any particular property or portfolio of properties. Returns are not guaranteed and there can be no assurance that the returns will be commensurate with the risks of investing in the types of properties that Ascentris targets. Accordingly, only investors that can afford a loss of their entire investment should consider investing. The past performance of Ascentris and its affiliates is not indicative of future performance.

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Highly Competitive Market for Real Estate Investment Opportunities Generally

The activity of identifying, completing and realizing attractive real estate investments is highly competitive and involves a significant degree of uncertainty. Ascentris Clients will be competing for investments with many other investment vehicles, as well as individuals, financial institutions, investment managers, industrial groups, merchant banks and other institutional investors. Additional funds and vehicles with similar investment objectives may be formed in the future by other unrelated parties and further consolidation may occur (resulting in larger funds and vehicles). There can be no assurance that Ascentris will be able to locate, complete and exit investments that satisfy an Ascentris Client's objectives or realize the value of such investments.

Difficulty of Identifying Attractive Real Estate Investments

The availability of real estate investment opportunities generally will be subject to the prevailing market conditions and the regulatory or political climate in the region. In addition, the business of identifying and structuring real estate investments of the types contemplated by Ascentris for Ascentris Clients is highly competitive and involves a high degree of uncertainty. Accordingly, there can be no assurance that it will be able to identify and complete attractive real estate investments in the future, or that it will be able to fully invest a client's committed capital.

Limited Liquidity of Real Estate Investments

Ascentris Clients invest primarily in real property. As a result, there generally will be limited or no marketability of the investments and such investments may decline in value while Ascentris seeks to dispose of them. Furthermore, Ascentris may find it necessary to sell real estate investments at a discount or to sell over extended periods of time when disposing of portfolio investments. Therefore, it is expected that the investments generally will not be sold for a number of years and will remain relatively illiquid and difficult to value. The marketability and value of any such real estate investments will depend upon many factors beyond Ascentris's control. It is anticipated that there will be a significant period of time before an Ascentris Client will have completed its investments in real properties. Such investments are expected to take from three to six years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Therefore, Ascentris anticipates a long time period between the initial capitalization of an Ascentris Client and return on investment, if any.

Investments Longer than Term

Ascentris may invest Ascentris Client assets in real estate investments that may not be advantageously disposed at the time the Client is expected to terminate or be dissolved. Although Ascentris expects that investments will either be disposed of prior to termination or dissolution or be suitable for in kind distribution, Ascentris may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of termination or dissolution.

Real Estate Risks Generally

Real estate investments are subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, those associated with the burdens of ownership of real property, general and local economic climate, changes in supply of and demand for competing properties in an area (as a result of overbuilding, for instance), fluctuations in the average occupancy and room rates for hotel properties, the financial resources of tenants, changes in

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building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, changes in government regulations (such as rent control), changes in real property tax rates, changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, environmental liabilities, contingent liabilities on disposition of assets, terrorist attacks and war and other factors that are beyond Ascentris's control. There can be no assurance that there will be a ready market for resale of investments because investments will generally not be liquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale.

Environmental Liabilities

Ascentris Clients' assets may be exposed to substantial risk of loss from environmental claims arising with respect to real estate investments made with undisclosed or unknown environmental problems or as to which inadequate reserves have been established. Under the laws, ordinances and regulations of various jurisdictions, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and owner's liability as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on return from such investment. Environmental claims with respect to a specific real estate investment may exceed the value of such investment, and under certain circumstances, may subject other assets of an Ascentris Client to such liabilities.

Natural Disasters

Certain real estate investments may be located in earthquake zones or be subject to risks associated with other natural disasters, such as fire, hurricanes, tornadoes, windstorms, volcanic eruptions, tsunamis or floods. Insurance coverage of such risks may be limited, may be subject to large deductibles or may be, or in the future become, completely unavailable. Ascentris or its affiliates will determine in their sole discretion whether to seek insurance coverage of (or seek alternative ways to manage or mitigate) such risks.

Investments in Land/New Development

Ascentris Clients may acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing. To the extent that an Ascentris Client invests in such properties, it will be subject to the risks normally associated with such properties and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond Ascentris's control, such as weather or labor conditions or material shortages), the availability of both construction and permanent financing on favorable terms or at all, and the availability to identify and participate in development projects with, or obtain or renew land lease rights from, government authorities. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a client's account. Properties under development or properties acquired to be developed may receive little or no cash flow from the date of acquisition through the date of completion of development

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and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development which makes such development less attractive than at the time it was commenced.

Zoning Restrictions and Local Opposition

In order to develop a property on a particular site, the zoning of such site must permit the development of residential, office, industrial and/or retail activities of the type intended for development by Ascentris. In instances where the existing zoning is not suitable or in which the zoning has yet to be determined, Ascentris's developers or affiliates will be required to apply for the required zoning classifications. This procedure may be protracted, particularly where the bureaucracy is cumbersome and inefficient, and there can be no assurance that the process of obtaining proper zoning will be completed with sufficient speed to enable the office, retail, industrial and/or residential developments to be completed ahead of any competitor development, or at all. Opposition by local residents to zoning and/or building permit applications may also cause considerable delays. In addition, arbitrary changes to applicable zoning by the relevant authorities may jeopardize projects that have already commenced. Therefore, if Ascentris or its affiliates do not receive zoning approvals or if the procedures for the receipt of such zoning approvals are delayed, costs will increase, which could have a material adverse effect on the business, financial condition and results of operations of real estate investments.

Unlawful or Arbitrary Action by Regulatory Authorities

There is a risk that regulatory authorities in certain foreign countries may exercise a high degree of discretion and at times exercise their discretion arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law. Unlawful or arbitrary actions could include attempted bribery, unscheduled inspections by regulators, suspension or withdrawal of licenses and permissions, unexpected tax audits, criminal prosecutions and civil actions. Unlawful or arbitrary regulatory action directed at Ascentris, its local partners or client accounts could have a material adverse effect on the business, financial condition, or results of operations of the accounts.

Construction Delays and Cost Overruns

Construction delays and cost overruns may increase project development costs for investment projects. In addition, delays in the completion of a project may result in a delay in the commencement of cash flow, which would increase capital needs. Projects may also incur construction and other development costs that exceed original estimates due to increases over time in interest rates, material costs, labor costs or other costs. These delays and increased costs could make completion of a project uneconomical because market prices may not increase sufficiently to compensate for the increase in construction and other development costs. Consequently, Ascentris Clients may not be able to dispose of any investment profitably. It may also be impossible to complete construction of a project on schedule or within budget due to a variety of other factors, including shortages of materials, equipment, technical skills and labor; adverse weather conditions; natural disasters; labor disputes; unforeseen engineering, environmental or geological problems; disputes with contractors and sub-contractors; delays in obtaining licenses, permits and approvals from the relevant authorities; and other problems and circumstances that may result in increased construction and development costs. Any of these factors may adversely affect the financial results of client investments.

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Risk of Limited Number of Investments; Lack of Diversity

Although Ascentris offers to advise on a variety of real estate investments, Ascentris Clients may ultimately participate in a limited number of investments due either to market conditions or to their own investment objectives and restrictions. As a consequence, their aggregate return may be substantially adversely affected by the unfavorable performance of even a single investment. The value of an investment may be materially affected by a single adverse political or economic event in a foreign country.

Financial Market Fluctuations

General fluctuations in the market prices of securities may affect the value of real estate investments. Instability in the securities markets may also increase the risks inherent in the investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise, which can be volatile.

Market Conditions

Ascentris's strategy in some investments may be based, in part, upon the premise that real estate businesses and assets will be available for purchase at prices that Ascentris considers favorable. Further, Ascentris's strategy for an investment may rely, in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics), or, in some circumstances, a local market recovery or improvement in market conditions over the projected holding period for the investments. No assurance can be given that real estate businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable, or, as applicable, recover or improve, since this will depend, in part, upon events and factors outside of Ascentris's control.

Reliance on Local Operating Partners

Ascentris may rely on the expertise of local operating partners who help identify, evaluate, underwrite, operate, manage and dispose of investments. The selection of an operating partner is inherently based on subjective criteria with the result that the true performance and abilities of a particular operating partner will be difficult to assess. This reliance on third parties to manage or operate investments poses significant risks. For example, an operating partner may suffer a business failure or become bankrupt or may engage in activities that compete with investments of Ascentris Clients. These and other problems, including the deterioration of the business relationship between Ascentris and the operating partner, could have a material adverse effect on the assets managed by such operating partner.

Use of Leverage

While investments in leveraged properties offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Ascentris Clients' investments involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the investment's profitability or ability to meet debt service obligations. Moreover, any rise in interest rates may significantly increase portfolio company interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, clients may suffer a partial or total loss of capital invested in the project.

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Hedging Policies/Risks

In connection with the financing of certain investments, Ascentris may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while Ascentris Clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for Ascentris Clients than if it had not entered into such hedging transactions.

Possibility of Future Terrorist Activity

In the current environment, there is a risk that one or more of Ascentris's investments will be directly or indirectly affected by terrorist attack. An attack could have a variety of adverse effects on the business and performance results of one or more of the investments or subsequently acquired investments, including risks and costs related to the destruction of property, inability to use one or more properties for their intended uses for an extended period, decline in rents achievable or property value and injury or loss of life, as well as litigation related thereto. Such risks may not be insurable or subject to increased insurance premiums and deductibles that Ascentris deems uneconomic. It is not possible to predict the severity of the effect that any such future events would have on the global financial and insurance markets, or client investments. In addition to the potential direct impact of any such future act, future terrorist attacks and the anticipation of any such attacks could have an adverse impact on the global financial and insurance markets and economy, thus harming demand for and the value of client investments.

Insurance May Not Cover All Losses

Uninsured and underinsured losses could harm the value of client assets. Various types of losses, such as losses due to wars, riots, nuclear reaction, terrorist acts, earthquakes, floods, hurricanes, pollution or environmental matters, generally are either uninsurable (or not economically insurable) or may be subject to insurance coverage limitations, such as large deductibles or co-payments or insurance only being available in amounts less than the full market value or replacement cost. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance. As a result, there can be no assurance that all investments will be insured against terrorism, or that particular risks which are currently insurable will continue to be insurable on an economic basis. Should an uninsured loss or a loss in excess of insured limits occur, clients could lose all or a portion of the capital they have invested in an investment, as well as the anticipated future revenue from the investment. In that event, client accounts might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to obligations to the account's ground lessors, franchisors and managers. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans, and other factors might also keep the clients from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds clients receive might be inadequate to restore their economic position on the damaged or destroyed investment.

Bridge Financings

From time to time, an Ascentris Client may make bridge loans to its portfolio companies on a short-term, unsecured basis. Such bridge loans would typically be refinanced with a more permanent, long-term

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security; however, for reasons not always in Ascentris's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the client.

Principal and Agency Cross Transactions

From time to time, an Ascentris Client may buy or sell equity interests in a real estate vehicle or direct interests in real estate from another Ascentris Client. In such transactions, Ascentris will have a conflict of interest in recommending both the purchase and sale of such assets and it could be receiving different levels of asset management fees from the Ascentris Clients involved in the transaction. Ascentris will provide fair disclosure of material conflicts of interest to involved Ascentris Clients in advance, and no brokerage fees or commissions will be charged on such transactions. In determining a fair value for such a transaction, Ascentris intends to obtain a broker opinion of value on the value of any property transferred, and to consider other factors it deems material.

Bankruptcy

Certain investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code. Investments in entities which later file for relief as debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code may, in certain circumstances, be subject to litigation, which could further impair the value of the investment. For example, under certain circumstances, lenders which have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to an Ascentric Client (which could include distributions to the Ascentris Client) may be reclaimed in the course of bankruptcy proceedings if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment (or the equivalent under the laws of certain jurisdictions). Bankruptcy laws may delay the ability of clients to realize on collateral for loan positions or may adversely affect the priority of such loans through doctrines such as equitable subordination. Bankruptcy laws may also result in a restructure of debt without the Ascentris Client's consent under the "cramdown" provisions of the bankruptcy laws and may also result in a discharge of all or part of the debt without payment to the Ascentris Client. Non-U.S. jurisdictions may present credit issues that are similar to or different from U.S. issues.

Valuation of Holdings

The policies and procedures set forth below (the "Valuation Policy") detail the specific methodology used by Ascentris for the valuation of real estate interests held by Ascentris Clients. Where neither the Ascentris Client's governing documents nor investment management agreement has otherwise outlined a valuation methodology, the valuation methods in the Valuation Policy shall be used.

The Valuation Policy requires that the real estate investment properties in Ascentris Client portfolios are valued and reviewed by the Valuation Committee on a quarterly basis, unless directed otherwise by a specific Ascentris Client. The Valuation Committee shall be composed of such professionals of Ascentris as may be designated from time to time by Senior Management. The intent of the Valuation Policy is to accurately estimate the "Fair Value" as defined below. Except as otherwise agreed with an Ascentris Client, Ascentris will obtain an independent third-party appraisal for each property at least once every three years.

When determining a fair value for a real estate investment, Ascentris seeks to determine a reasonable sale price for a property, net of closing costs and concessions (including brokerage fees, but not a joint venture

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partner's promote), in a normal market environment, assuming that the buyer and seller each act prudently and knowledgeably, and assuming the price is not affected by unusual market or other factors.

Ascentris believes investor motivation primarily revolves around a property's current and future income characteristics; therefore, the Valuation Policy shall place primary emphasis on the "Economic Analysis" approach with additional secondary support, as available. The valuation approach used shall be determined based on what is most appropriate for the type of property, including but not limited to the following:

Economic Analysis

- Discounted cash flow, using discount rates derived from the applicable quarter's "PwC Real Estate Investor Survey" or other publications and industry data as necessary, based Ascentris' forecasts of gross and net cash flows. A 10-year cash flow period is used, unless a 10-year period would result in a non-stabilized net operating income ("NOI") for the terminal value calculation, in which case the investment team may recommend an immaterially longer or shorter period as required to capture a stabilized NOI, in each case which must be approved by the Valuation Committee. Analyses of a property's cash flow projections shall include but not be limited to the following variables:
 - a. Tenants – financial condition, credit worthiness
 - b. Market rents, lease rollover, vacancy absorption, leasing costs
 - c. Operating expenses – real estate taxes, insurance, etc.
 - d. General market conditions - demand and supply fundamentals
 - e. Market growth rates
 - f. Capital expenditures
 - g. Anticipated net proceeds from sale
 - h. Fee vs. leasehold interests
- Capitalization rates, actual or imputed, for comparable transactions based on the most applicable NOI:
 - Stabilized
 - Forward 12-month
 - Forward 3-months annualized
 - Trailing 12-month
 - Trailing 3-months annualized
 - In-place / As-is
- Secondary Support Examples: Historical sales of comparable properties (capitalization rates or per unit metrics)
- Construction Completion percentage
- Achievement of specific development milestones (reducing or eliminating risks associated with development)
- Current and future cost basis (excluding loan costs) compared to relevant comparables, if applicable
- Estimated replacement cost
- Independent appraisals, if available
- Brokers' Opinion of Value (BOV), if available
- Bona fide purchase offers from an independent party
- Purchase and sale contracts executed by buyer and seller

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The Valuation Committee will review and approve a Fair Value for each property along with the methods of valuation and underlying assumptions used to determine such Fair Value. The Valuation Committee shall address any concerns regarding the valuation methodology and approve any changes to the methodology. Additionally, the Valuation Committee shall approve any changes to the Valuation Policy or the Valuation Committee Guidance.

Ascentris attempts to use valuation techniques that, in its reasonable judgment, are most appropriate under the circumstances for each investment, and for which sufficient data is available. There can be no assurance regarding the accuracy of Ascentris' fair valuations or its valuation techniques.

The values of securities, cash, cash items and non-real estate related assets held by an Ascentris Client are valued by the custodian for each Ascentris Client as set forth in the most recent account statement provided to Ascentris by the custodian.

Item 9: Disciplinary Information

As of the date of this Brochure, Ascentris has no legal or disciplinary events required to be disclosed.

Item 10: Other Financial Industry Activities and Affiliations

Ascentris and its related persons organize multiple entities from time to time for the purpose of serving as general partner, manager, limited partner, or special limited partner of Ascension Clients.

Ascentris has no other financial industry activities and has no affiliates engaged in financial industry activities.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Ascentris has adopted a Code of Ethics that sets forth ethical standards of business conduct that Ascentris requires of its personnel, including compliance with applicable federal securities laws. A copy of the Code of Ethics is available to clients or prospective clients upon request.

The policies and procedures set forth in the Code of Ethics recognize that Ascentris and its personnel have a fiduciary duty to place the interests of clients ahead of their own, and an obligation to address and mitigate conflicts of interest and the appearance of any conflicts of interest. The Code of Ethics sets out standards of business and personal conduct for each such person and addresses conflicts that arise from personal trading by Ascentris personnel and provides for disciplinary sanctions for Code of Ethics violations. All Ascentris personnel must acknowledge the terms of the Code of Ethics initially upon hire and annually thereafter. The Code of Ethics provides for the imposition of sanctions for violations.

Ascentris personnel are required to notify Ascentris's Chief Compliance Officer ("CCO") if they are aware of any violations of the Code of Ethics. The Code of Ethics requires, amongst other things, that Ascentris personnel:

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- keep investment-related information learned by Ascentris personnel during the course of carrying out firm-related duties or in communications between such persons confidential until or unless publicly available;
- not take or omit to take an action on behalf of a client or intentionally induce a client to take action for the purpose of achieving a personal benefit;
- not use actual knowledge of an Ascentris Client's transaction to profit by the market effect of the transaction;
- abide by the restrictions on personal trading discussed below in this Item 11 under the heading "Personal Trading," to the extent applicable; and
- not take unique investment opportunities which should be made for the benefit of Ascentris Clients; provided that that Ascentris' supervised persons may co-invest alongside Ascentris Clients in real estate investments on the same terms and conditions with asset management fees and carried interest waived for such personnel.

Personal Trading

Subject to the Code of Ethics, as described above, Ascentris and its partners, principals, employees, and other related persons may engage in investment activities for their own accounts or for family members and friends. These activities may involve the purchase and sale of investments that are the same type as those purchased or sold for Ascentris Clients. These activities may also involve the purchase and sale of investments that are different from those purchased for Ascentris Clients. Provided that they comply with the Code of Ethics, Ascentris employees are permitted to invest in securities and other investments, including co-investments with Ascentris Clients. In addition, Ascentris employees personally may own equity interests in entities that receive asset management fees and/or carried interest distributions paid by Ascentris Clients.

The Code of Ethics places restrictions on personal trading and investing activities by certain senior personnel and other personnel who have access to non-public information regarding an Ascentris Client's purchase or sale of securities or have access to non-public information regarding the investments of any Ascentris Client. Such persons are generally (i) restricted from purchasing initial public offerings without the prior written approval of the CCO, (ii) restricted from purchasing and selling any security to an Ascentris Client without the prior written approval of the CCO, and (iii) restricted from purchasing and selling any security in a private placement or other private securities transaction without the prior written approval of the CCO. Such persons are also prohibited from trading in securities of any company while in possession of material, non-public information. Ascentris employees under the Code of Ethics are required to disclose to the CCO annually any account in which they have direct or indirect ownership, including accounts over which they have beneficial ownership, investment discretion or voting authority. Such persons must also disclose to the CCO on a periodic basis their reportable securities holdings and transactions in accounts in which they have direct or indirect beneficial ownership and over which they have investment discretion or voting authority.

Item 12: Brokerage Practices

Based on the nature of the real estate investment strategies Ascentris employs for Ascentris Clients, Ascentris generally does not use securities broker-dealers; rather, most real estate investments it makes on behalf of Ascentris Clients are made in privately negotiated transactions.

In the event that Ascentris were to purchase or sell publicly traded securities on behalf of Ascentris Clients, it would evaluate brokerage firms based on their costs, responsiveness and execution capabilities.

Research and Other Soft Dollar Benefits

Ascentris does not direct brokerage commissions of Ascentris Clients to broker-dealers that provide brokerage or research services to Ascentris, so-called "soft dollar" arrangements.

Brokerage for Client Referrals

Ascentris may participate in capital introduction and similar events sponsored by broker-dealers and service providers to Ascentris Clients. Ascentris will not consider, in selecting broker-dealers, whether it receives referrals from such broker-dealer.

Directed Brokerage

Ascentris does not recommend, request, require or permit Ascentris Clients to direct brokerage.

Item 13: Review of Accounts

Nature & Frequency of Review

Ascentris assigns a portfolio manager and team to each Ascentris Client. The team members regularly monitor the Ascentris Client's portfolio under the supervision of the portfolio manager and Ascentris' Investment Committee to ensure that the Client's investment objectives are satisfied. The Ascentris team generally evaluates real estate investments on an ongoing basis, which may include, without limitation, on-site property visits, frequent discussions between Ascentris team members and third-party service providers and written reports from due diligence firms, law firms, environmental consultants and other third-party service providers.

Ascentris' portfolio management teams hold formal bi-weekly or monthly meetings to review real estate investments. The Investment Committee meets on an as-needed basis, generally monthly, to review new real estate investment opportunities. The Investment Committee includes Ascentris' Chief Executive Officer, President, Managing Directors, Senior Vice Presidents, and the Director of Corporate Finance. The Chief Compliance Officer also participates in meetings of the Investment Committee as a non-voting member.

Reports

Ascentris Clients typically engage independent accounts to audit their financial statements. Ascentris Clients receive annual audited financial statements, or copies of account statements will be provided directly to the Ascentris Client by its qualified custodian. In addition, Ascentris submits regular written reports, typically quarterly, to Ascentris Clients regarding the status and performance of their real estate

investments. Reports may be more frequent and content may vary based on the terms of each Ascentris Client's agreement with Ascentris.

Item 14: Client Referrals and Other Compensation

Referrals

Ascentris may participate in capital introduction and similar events sponsored by broker-dealers and service providers to Ascentris Clients. Ascentris will not consider, in selecting broker-dealers, whether it receives referrals from such broker-dealer.

Ascentris has engaged a solicitor to introduce potential investors to commit capital to a pooled investment vehicle that will be an Ascentris Client. The compensation paid to the solicitor includes flat and success-based fees and will be paid by Ascentris.

Other Compensation

Ascentris does not receive any economic benefit for providing advisory services from any third party other than Ascentris Clients.

Item 15: Custody

Ascentris is deemed to have custody of the assets of an Ascentris Client to the extent that it has authority to disburse assets from the Client's custodial account. In order to comply with the Custody Rule, Ascentris Clients will receive financial statements audited annually by an independent auditor or account statements provided directly by the custodian to the Ascentris Client.

Item 16: Investment Discretion

Ascentris Clients typically engage Ascentris to provide fully discretionary asset management services, in which case Ascentris acquires or disposes of real estate investments without contacting the Client prior to each transaction to obtain permission. When applicable, Ascentris' discretionary authority includes the ability to determine the following without contacting the client:

- Type and amount of real estate investments to be bought or sold; and/or
- Real estate brokers or agents to be engaged on behalf of the Ascentris Client.

Discretionary authority is typically granted to Ascentris under an investment management agreement or in the governing documents of an Ascentris Client.

Ascentris and an Ascentris Client may enter into an agreement whereby Ascentris provides services on a discretionary or shared-discretionary basis. In a shared-discretionary situation, the Ascentris Client has approval rights with respect to major investment recommendations, but once the Ascentris Client has approved a recommendation, all further investment-related activities are performed by Ascentris on a discretionary basis.

Ascentris provides advisory services to each Ascentris Client in accordance with the investment objectives, strategies and guidelines set forth in the Client's governing documents, which may contain certain

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restrictions on the types of investments made for the client, such as limits on (i) amounts that may be invested in a single investment, (ii) amounts that may be invested in investments relating to a single country and (iii) the geographical location of investments.

Item 17: Voting Client Securities

Ascentris Clients generally acquire and hold real property and do not hold securities that issue proxies. However, Ascentris has adopted, as part of its written policy and procedures, proxy voting procedures to be implemented in the event that it should be called up to exercise its voting responsibilities as a discretionary investment manager. At this time, no voting activity exists and no policy is required. Investors may obtain a copy of the proxy voting procedure by contacting us at (303) 317-6464 or at compliance@ascentris.com.

Item 18: Financial Information

As of the date of this Brochure, no financial conditions exist of which Ascentris is aware that would be reasonably likely to impair its ability to meet its contractual commitments to Acentris Clients.